

# San Mateo County Economic Forecast

San Mateo County is home to 714,000 people, 350,000 non-farm wage and salary jobs, and median home prices exceeding \$660,000 in 2002. Average salaries, despite some reversal in 2001 and 2002, are still near the highest in California, at \$63,620 per worker.

The 21,300 employment decline recorded in 2002 was the largest on record for San Mateo County. Two sectors of the economy contributed 85 percent of the job loss: Services and Manufacturing. The services economy, principally the Information Technology sector, shed in excess of 14,000 jobs. Transportation employment, primarily at SFO, dropped by 3,200 jobs. In general, it was a very weak labor market year in San Mateo County.

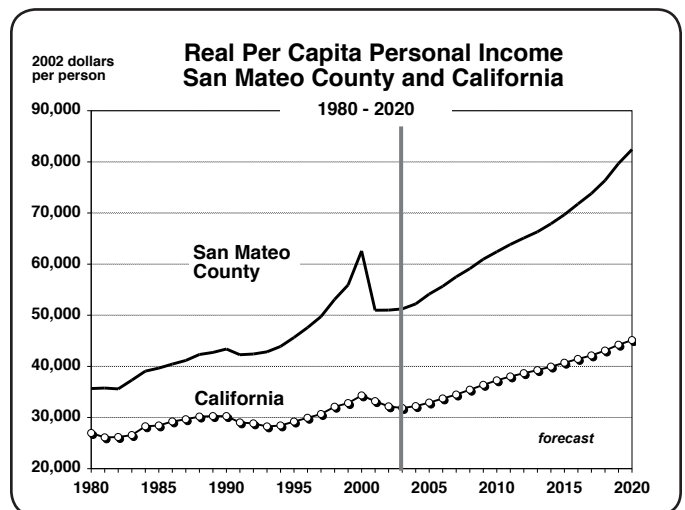
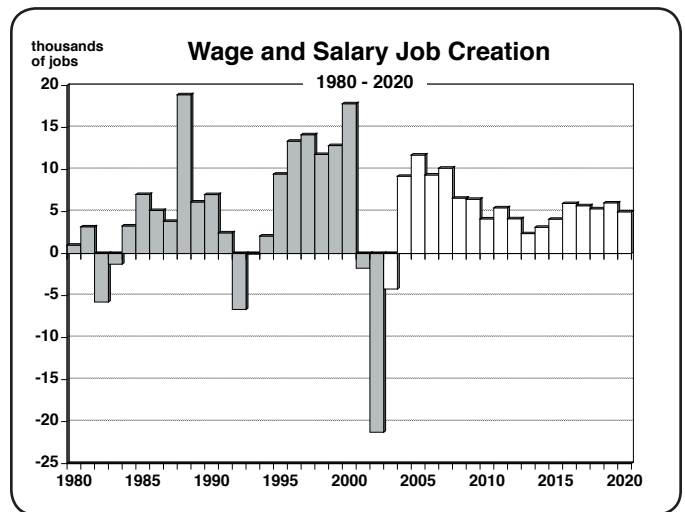
Consumer spending, proxied by real retail sales, surged 9 percent per year in 1999 and 2000. Sales then dropped 9.3 percent in 2001, and 8.4 percent in 2002. This year, spending is expected to level off and begin rising again late in the year.

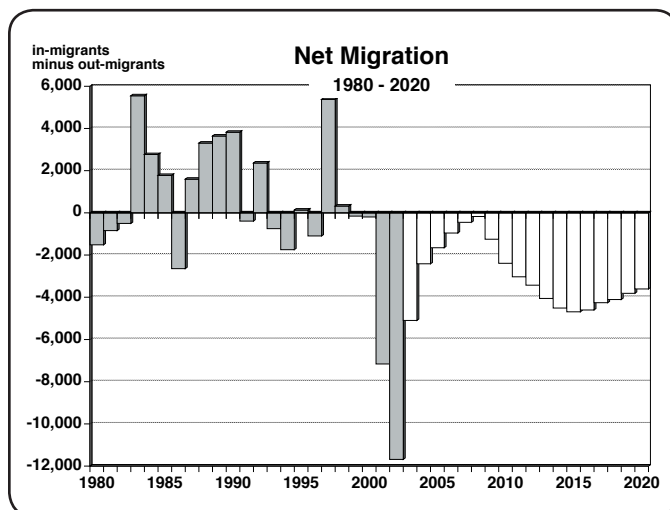
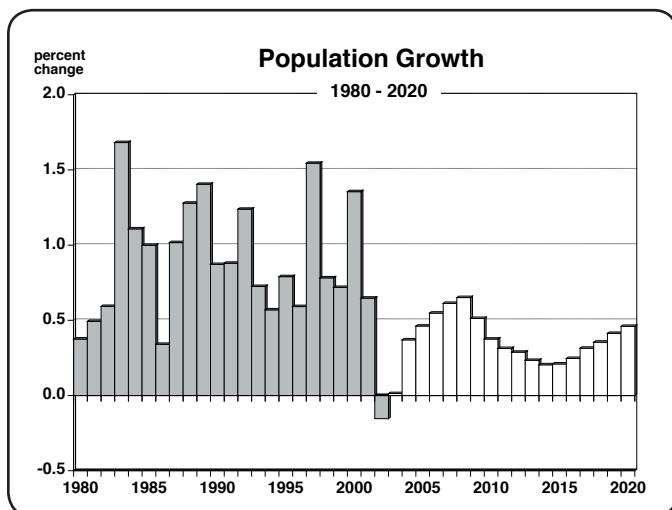
The San Francisco MSA of which San Mateo County is a member, was impacted severely by the information technology meltdown. The worst appears to be over however, especially regarding the labor markets in the hard-hit San Francisco Bay Area economy.

The national and state economies will strengthen this year, especially as the aftermath of the war with Iraq fades. The domestic and world-wide demand for semi-conductors, computers, communications devices, and electrical equipment and apparatus is rising again, and this will become more apparent in 2004.

## Forecast Highlights

- Non-farm job growth rebounds in 2004. The forecast rate of growth in 2004 is 2.7 percent, followed by 3.3 percent in 2005. This year, job creation is forecast to remain negative, declining 1.2 percent. Between 2003 and 2008, the compound average annual rate of job growth is forecast at 2.5 percent.
- Employment in services is anticipated to rise by about 5 percent per year, beginning in 2004. The manufacturing sector is not likely to experience a labor market rebound in San Mateo County.
- The unemployment rate rises to 4.5 percent in 2003, and falls to under 4 percent in 2005. The rate of unemployment is not forecast to repeat the low levels of 1.5 to 2.0 percent it recorded in 1999 and 2000.
- Population growth slows, due principally to the lack of housing and the unaffordability of housing in the region. Compound annual growth in the 2003 to 2008 period falls to 0.5 percent per year, from 0.95 percent between 1995 and 2000. The population growth slowdown is principally led by out-migration of population to regions with more affordable housing, such as Stanislaus and San Joaquin Counties



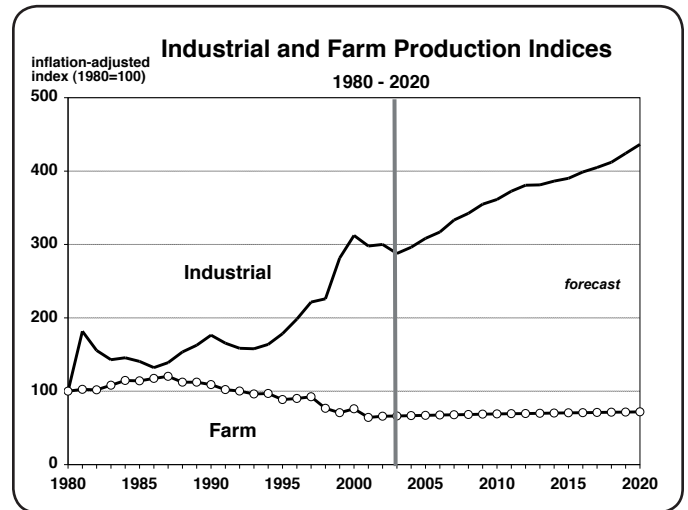
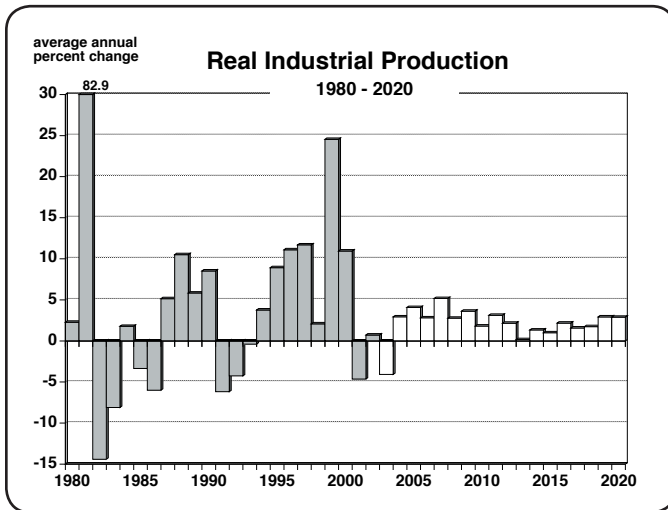


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### 1995-2002 History, 2003-2020 Forecast

	July Population (people)	Net Migration (people)	Registered Vehicles (number)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Farm Crop Value (millions)	Industrial Production (billions)
1995	675,900	135	644,125	246.2	1,424	\$5.4	\$24.2	\$45,645	\$194.8	\$11.7
1996	679,900	-1,096	654,382	247.3	1,105	\$6.0	\$26.0	\$47,570	\$202.8	\$13.0
1997	690,400	5,375	637,389	248.5	1,519	\$6.3	\$28.5	\$49,741	\$215.1	\$14.5
1998	695,800	323	711,936	249.8	2,175	\$6.6	\$31.7	\$53,109	\$184.1	\$14.8
1999	700,800	-157	714,405	251.2	901	\$7.5	\$35.0	\$55,923	\$177.2	\$18.5
2000	710,300	-194	708,927	253.9	2,317	\$8.6	\$41.5	\$62,594	\$198.7	\$20.5
2001	714,900	-7,158	697,972	254.9	1,441	\$8.2	\$35.9	\$50,981	\$177.1	\$19.5
2002	713,800	-11,681	696,468	256.5	1,300	\$7.7	\$36.4	\$51,005	\$184.4	\$19.7
2003	713,893	-5,099	691,387	258.6	1,459	\$7.9	\$37.5	\$51,242	\$190.3	\$18.9
2004	716,535	-2,415	683,578	260.0	1,522	\$8.3	\$39.4	\$52,212	\$196.9	\$19.4
2005	719,843	-1,655	680,375	261.4	1,804	\$8.9	\$42.1	\$54,148	\$203.6	\$20.2
2006	723,788	-955	680,788	263.0	1,898	\$9.4	\$44.7	\$55,658	\$210.5	\$20.8
2007	728,221	-450	682,377	264.8	1,956	\$9.9	\$47.7	\$57,516	\$217.2	\$21.8
2008	732,965	-170	683,294	266.5	1,957	\$10.4	\$50.5	\$59,103	\$224.1	\$22.5
2009	736,721	-1,252	683,826	268.3	1,923	\$11.0	\$53.8	\$60,960	\$231.2	\$23.3
2010	739,487	-2,392	683,207	270.0	1,809	\$11.5	\$56.8	\$62,421	\$238.8	\$23.7
2011	741,800	-3,032	682,747	271.7	1,797	\$12.1	\$59.9	\$63,845	\$246.8	\$24.4
2012	743,936	-3,426	682,372	273.3	1,781	\$12.6	\$63.1	\$65,104	\$255.0	\$25.0
2013	745,674	-4,057	682,189	274.9	1,675	\$13.2	\$66.3	\$66,323	\$263.7	\$25.0
2014	747,197	-4,510	682,606	276.5	1,657	\$13.8	\$69.9	\$67,897	\$272.1	\$25.3
2015	748,763	-4,686	684,232	278.0	1,640	\$14.4	\$73.8	\$69,673	\$280.7	\$25.6
2016	750,608	-4,600	688,351	279.6	1,697	\$15.2	\$78.4	\$71,767	\$289.7	\$26.1
2017	752,967	-4,259	694,099	281.1	1,702	\$16.0	\$83.2	\$73,798	\$299.4	\$26.5
2018	755,637	-4,108	700,386	282.7	1,694	\$16.9	\$88.9	\$76,343	\$309.0	\$27.0
2019	758,760	-3,812	707,288	284.3	1,698	\$17.9	\$95.7	\$79,670	\$318.5	\$27.8
2020	762,246	-3,604	713,973	285.8	1,705	\$18.9	\$102.1	\$82,414	\$328.0	\$28.6

- Average salaries begin to rise slightly this year, with more convincing signs of improvement in 2004. Average salaries adjusted for inflation increase an average of 2.6 percent per year over the forecast horizon.
- Real per capita incomes fell sharply in 2001. Incomes begin rising again in 2004. The annual compound rate of growth over the next 5 years is 3.0 percent. Between 1995 and 2000, real per capita personal income increased an average of 3.6 percent per year.



Total Wage & Salary (000)	Farm (000)	Mining & Construction (000)	Manufacturing (000)	Transportation, Utilities (000)	Wholesale, Retail Trade (000)	Finance, Real Estate (000)	Services (000)	Government (000)
-----employment (jobs)-----								
305.8	2.6	11.6	32.6	37.7	73.7	21.2	94.4	32.0
319.1	2.7	13.4	35.2	37.6	75.0	21.6	102.5	31.1
333.3	2.9	15.5	36.3	38.8	76.9	23.0	109.9	30.1
345.1	2.9	16.8	37.6	40.3	79.3	23.9	112.8	31.4
357.9	2.9	17.8	36.9	42.1	80.5	23.7	121.9	32.1
375.8	2.9	19.6	36.7	43.6	80.5	23.0	137.0	32.6
374.0	2.9	20.0	34.5	41.0	78.9	22.8	141.0	32.9
352.7	2.8	22.8	30.7	37.8	76.8	21.7	126.8	33.4
348.5	2.8	20.8	30.4	36.6	77.5	20.5	126.6	33.3
357.7	2.8	20.0	30.4	39.2	78.1	20.5	133.6	33.2
369.4	2.8	19.6	30.4	41.2	78.7	20.9	142.7	33.1
378.8	2.8	19.7	29.7	41.8	79.2	21.4	151.1	33.1
388.9	2.8	20.0	29.5	43.5	79.7	21.8	158.5	33.1
395.5	2.8	20.5	28.7	44.3	80.1	22.0	163.9	33.1
402.0	2.8	21.0	28.1	44.9	80.7	22.1	169.2	33.1
406.1	2.8	21.4	27.5	43.5	81.4	22.1	174.4	33.1
411.6	2.8	21.7	26.3	44.0	82.2	22.0	179.5	33.1
415.7	2.8	21.9	25.9	43.4	82.9	21.9	183.9	33.0
418.1	2.8	22.1	25.1	42.1	83.6	21.8	187.6	33.0
421.2	2.8	22.3	24.7	41.3	84.3	21.6	191.2	33.0
425.3	2.8	22.5	24.3	40.9	85.0	21.5	195.3	33.0
431.3	2.8	22.8	23.7	41.9	85.7	21.5	200.0	33.0
436.9	2.8	23.1	23.7	41.9	86.3	21.5	204.7	33.0
442.3	2.8	23.5	23.3	41.4	87.0	21.5	209.9	33.0
448.3	2.8	24.0	22.9	41.7	87.5	21.5	214.8	33.0
453.3	2.8	24.6	22.6	41.5	88.1	21.5	219.2	33.0

